

## Message Text

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16

ACTION NEA-09

INFO OCT-01 EA-07 ISO-00 EB-05 /022 W

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R 240355Z SEP 74

FM AMEMBASSY KABUL

TO USDOC WASHDC

INFO SECSTATE WASHDC 9673

AMEMBASSY BEIRUT

AMCONSUL HONG KONG J

AMEMBASSY JIDDA

AMCONSUL KARACHI

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

USINT BAGHDAD 0015

UNCLAS KABUL 6069

BEIRUT POUCH USINT

E.O. 11652: N/A

TAGS: BMEP, BEXP, AF

SUBJ: EARLY WARNING: MAJOR EXPORT PROJECT: FEASIBILITY  
STUDIES

REF: A. KABUL 6041 (NOTAL) B. KABUL 4681 (NOTAL)

1. SUMMARY: AFGHANISTAN HAS RECEIVED TOTAL 22-32 MILLION DOLLARS IN GRANTS FOR USE IN FEASIBILITY STUDIES. AID-GRANTING NATIONS UNABLE TO PROVIDE MANPOWER FOR STUDIES, AND CONTRACTS PROBABLY TO BE GRANTED TO PRIVATE FIRMS DIRECTLY OR THROUGH INTERNATIONAL ORGANIZATIONS. U.S. FIRMS SIGNING SUCH CONTRACTS COULD PROFIT DIRECTLY AND PROVIDE U.S. BETTER CHANCE AT CONSTRUCTION CONTRACTS.

2. ON JULY 25, AFGHANISTAN AND IRAN ANNOUNCED MAJOR AID PACKAGE (REFTEL B) OF WHICH \$10-20 MILLION IMMEDIATELY AVAILABLE FOR FEASIBILITY STUDIES. NOT YET CLEAR WHICH PROJECTS AFGHANISTAN WILL CHOOSE TO STUDY, BUT LIKELY CANDIDATES INCLUDE EXTENSION HELMAND VALLEY PROJECT TO  
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IRAN, IRRIGATION AND WATER STORAGE NETWORK IN LOWER HELMAND,

RAIL LINKAGE BETWEEN IRAN AND AFGHANISTAN, FRUIT PROCESSING PLANT FOR EXPORT, AND SUGAR, CEMENT AND COTTON TEXTILE PLANTS. IRAN HAS INDICATED IT DOES NOT HAVE THE MANPOWER AVAILABLE TO MAKE THESE STUDIES ITSELF, AND IS PROVIDING FUNDING FOR AFGHANISTAN TO UNDERTAKE THESE STUDIES. AFGHANISTAN MAY ATTEMPT TO CONTRACT DIRECTLY WITH COMPETENT INTERNATIONAL FIRM, OR MAY REQUEST ASSISTANCE IMF/IBRD/UNDP/AJC IN OBTAINING SURVEY TEAM. IN EITHER EVENT, U.S. FIRMS HAVE EQUALLY GOOD CHANCE OBTAINING CONTRACT, AS GENERAL REPUTATION U.S. COMPANIES HIGH IN AFGHANISTAN.

3. ON RECENT TRIP TO MIDEAST, GOA MINPLANNING KHURRAM OBTAINED \$2 MILLION GRANT FROM IRAQ AND \$10 MILLION GRANT FROM SAUDI ARABIA, BOTH EARMARKED FOR FEASIBILITY STUDIES. PRELIMINARY INDICATIONS ARE THAT GOA PLANS SAVE IRAQI MONEY FOR STUDY OF FEASIBILITY DEVELOP WATER RESOURCES IN HARI RUD BASIN IN NORTHWESTERN AFGHANISTAN. SAUDI MONEY LIKELY BE USED FOR SIMILAR STUDY IN FARAH RUD BASIN IN SOUTHWESTERN AFGHANISTAN. NEITHER IRAQ NOR SAUDI ARABIA LIKELY ABLE PROVIDE PERSONNEL FOR SUCH STUDIES, CREATING SAME OPPORTUNITY U.S. FIRMS.

4. IRANIAN AID PACKAGE REPORTEDLY COULD TOTAL UP TO \$2 BILLION (RPT BILLION), WHILE IRAQI AND SAUDI ARABIAN OFFERS TOTAL \$65 MILLION ADDITIONAL IN LOANS PLUS POSSIBILITY OF UP TO \$400 MILLION IN LOANS THROUGH SAUDI ARABIAN DEVELOPMENT BANK. WHILE PROBABLE SOME OF THESE PROJECTS WILL FALL THROUGH, REMAINDER OFFERS MAJOR LONG-TERM OPPORTUNITY FOR U.S. COMMERCIAL INVOLVEMENT IN AFGHAN DEVELOPMENT. NOT ONLY IS THERE PROSPECT OF IMMEDIATE PROFIT FROM FEASIBILITY STUDIES, BUT U.S. FIRMS DOING STUDIES COULD INCREASE CHANCES OF U.S. FIRMS WINNING LATER CONSTRUCTION CONTRACTS ON THOSE PROJECTS FOUND FEASIBLE. RECOMMEND WIDEST POSSIBLE DISSEMINATION THIS EARLY WARNING.

4. REQUEST INFO POSTS ADVISE RESIDENT U.S. FIRMS IN THEIR DISTRICTS.

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